

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TOWNSHIP OF ELY

ISHPEMING, MICHIGAN

Year ended June 30, 2004

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INDEPENDENT AUDITOR'S REPORT

September 3, 2004

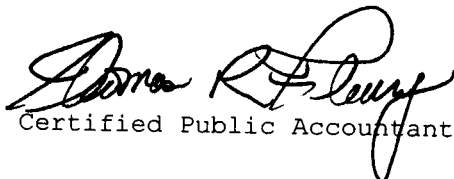
The Honorable Supervisor and Members
Township of Ely Board
Marquette County, Michigan

I have audited the accompanying general purpose financial statements of the TOWNSHIP OF ELY as of and for the year ended June 30, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted by the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for an opinion.

In my opinion, the general purpose financial statements referred to above, present fairly, in all material respects, the financial position of the TOWNSHIP OF ELY at June 30, 2004, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted by the United States of America.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.


Certified Public Accountant

TOWNSHIP OF ELY

COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 2004

	Governmental Fund Types	
	General	Special Revenue
<hr/>		
ASSETS		
Cash on hand and in banks	\$ 109,078	\$ -
Investments	159,168	20,000
Receivables:		
Accounts	-	-
Interest	628	-
Due from other funds	295	-
Prepaid expenses	11,882	-
Due from other governmental units	24,555	-
Restricted assets	-	-
Fixed assets - net of depreciation	107,412	-
Amount to be provided for retirement of long-term debt	-	-
	<hr/>	<hr/>
TOTAL ASSETS	\$ 413,018	\$ 20,000
	=====	=====
LIABILITIES AND FUND EQUITY		
Accounts payable	\$ 10,534	\$ -
Deferred revenue	-	-
Due to other funds	-	-
Accrued interest payable	-	-
Current portion of long-term debt	-	-
Bonds payable	-	-
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 10,534	\$ -
FUND EQUITY		
Contributed capital	\$ -	\$ -
Retained earnings	-	-
Fund balances:		
Unreserved	295,072	-
Reserved	107,412	20,000
	<hr/>	<hr/>
TOTAL FUND EQUITY	\$ 402,484	\$ 20,000
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND EQUITY	\$ 413,018	\$ 20,000
	=====	=====

Proprietary Fund Types	Fiduciary Fund Types	General Long-Term Debt	Totals (Memorandum Only)
Enterprise Funds	Trust and Agency		
\$ 38,766	\$ 295	\$ -	\$ 148,139
-	-	-	179,168
7,937	-	-	7,937
19	-	-	647
-	-	-	295
4,312	-	-	16,194
-	-	-	24,555
83,729	-	-	83,729
773,915	-	-	881,327
-	-	-	-
\$ 908,678	\$ 295	\$ -	\$ 1,341,991
=====	=====	=====	=====
\$ 3,692	\$ -	\$ -	\$ 14,226
748	-	-	748
-	295	-	295
2,625	-	-	2,625
11,000	-	-	11,000
315,499	-	-	315,499
\$ 333,564	\$ 295	\$ -	\$ 344,393
\$ 624,243	\$ -	\$ -	\$ 624,243
(132,858)	-	-	(132,858)
-	-	-	295,072
83,729	-	-	211,141
\$ 575,114	\$ -	\$ -	\$ 997,598
\$ 908,678	\$ 295	\$ -	\$ 1,341,991
=====	=====	=====	=====

See notes to financial statements.

TOWNSHIP OF ELY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

Year ended June 30, 2004

	Governmental Fund Types		Totals
	General	Special Revenue	(Memo Only)
Revenues:			
Taxes	\$ 155,788	\$ -	\$ 155,788
Intergovernmental	172,773	-	172,773
Other	24,280	-	24,280
TOTAL REVENUES	\$ 352,841	\$ -	\$ 352,841
Expenditures:			
General government	\$ 198,671	\$ -	\$ 197,671
Public safety	36,462	-	36,462
Highways and streets	87,375	-	87,375
Sanitation	68,149	-	68,149
Culture and recreation	10,913	-	10,913
TOTAL EXPENDITURES	\$ 401,570	\$ -	\$ 401,570
EXCESS REVENUES (EXPENDITURES)	\$ (48,729)	\$ -	\$ (48,729)
Fund balance at beginning of year	343,801	20,000	363,801
Unreserved fund balance at end of year	\$ 295,072	\$ -	\$ 295,072
Reserved fund balance at end of year	107,412	20,000	127,412
TOTAL FUND BALANCE AT END OF YEAR	\$ 402,484	\$ 20,000	\$ 422,484

See notes to financial statements.

TOWNSHIP OF ELY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS TYPES

Year ended June 30, 2004

	General Fund			Special Revenue		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	\$ 144,025	\$ 155,788	\$ 11,763	\$ -	\$ -	\$ -
Intergovernmental	165,070	172,773	7,703	-	-	-
Other	36,320	24,280	(12,040)	-	-	-
TOTAL REVENUES	\$ 345,415	\$ 352,841	\$ 7,426	\$ -	\$ -	\$ -
Expenditures:						
Township board	\$ 103,030	\$ 104,736	\$ (1,706)	\$ -	\$ -	\$ -
Supervisor	10,700	10,464	236	-	-	-
Clerk	8,600	8,633	(33)	-	-	-
Treasurer	19,600	19,138	462	-	-	-
Assessor	13,200	12,795	405	-	-	-
Board of review	1,075	750	325	-	-	-
Election expense	1,620	108	1,512	-	-	-
Planning and zoning board	21,200	25,329	(4,129)	-	-	-
Economic Development	1,600	-	1,600	-	-	-
Zoning board of appeals	1,800	2,383	(583)	-	-	-
Other general government	21,000	14,335	6,665	-	-	-
Fire protection	28,050	27,177	873	-	-	-
First responder group	11,500	8,430	3,070	-	-	-
Animal control	1,000	855	145	-	-	-
Highways and streets	104,050	87,375	16,675	-	-	-
Sanitation	69,300	68,149	1,151	-	-	-
Parks and recreation	41,500	9,508	31,992	-	-	-
Senior citizen programs	1,700	1,405	295	-	-	-
TOTAL EXPENDITURES	\$ 460,525	\$ 401,570	\$ 58,955	\$ -	\$ -	\$ -
EXCESS REVENUES (EXPENDITURES)	\$ (115,110)	\$ (48,729)	\$ 66,381	\$ -	\$ -	\$ -
Fund balance at beginning of year						
		343,801			20,000	
Fund balance at end of year:						
Unreserved	\$ 295,072			\$ -		
Reserved	107,412			20,000		
TOTAL FUND BALANCE AT END OF YEAR	\$ 402,484			\$ 20,000		

See notes to financial statements.

TOWNSHIP OF ELY
COMBINING STATEMENT OF INCOME, EXPENSES AND
CHANGES IN FUND EQUITY - ALL PROPRIETARY FUND TYPES
Year ended June 30, 2004

	Greenwood Water Supply System	Diorite Water Supply System	Totals
INCOME			
Water sales	\$ 41,719	\$ 19,877	61,596
Hydrant rentals	2,500	-	2,500
TOTAL INCOME	\$ 44,219	\$ 19,877	\$ 64,096
EXPENSES			
Salaries and wages	\$ 2,545	\$ 2,652	\$ 5,197
Employee benefits	239	135	374
Operating supplies	744	-	744
Repair and maintenance	1,161	2,188	3,349
Utilities	2,438	2,938	5,376
Professional fees	2,125	1,152	3,277
Insurance and bonds	3,364	1,955	5,319
Provision for depreciation	23,575	10,969	34,544
Miscellaneous	397	176	573
TOTAL EXPENSES	\$ 36,588	\$ 22,165	\$ 58,753
OPERATING INCOME (LOSS)	\$ 7,631	\$ (2,288)	\$ 5,343
NON OPERATING REVENUES (EXPENSES)			
Interest income	\$ 1,976	\$ 638	\$ 2,614
Interest expense:			
Rural Development	(14,676)	(-)	(14,676)
G.M.A.C.	(3,025)	(3,525)	(6,550)
TOTAL NON OPERATING REVENUES (EXPENSES)	\$ (15,725)	\$ (2,887)	\$ (18,612)
NET INCOME (LOSS)	\$ (8,094)	\$ (5,175)	\$ (13,269)
FUND EQUITY			
Balance at July 1, 2003	440,916	147,467	588,383
BALANCE AT JUNE 30, 2004	\$ 432,822	\$ 142,292	\$ 575,114

See notes to financial statements.

TOWNSHIP OF ELY

COMBINED STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES

Year ended June 30, 2004

	Greenwood Water Supply System	Diorite Water Supply System	Totals
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) for the year	\$ (8,094)	\$ (5,175)	\$ (13,269)
	-----	-----	-----
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for depreciation	\$ 23,575	\$ 10,969	\$ 34,544
(Increase) decrease in accounts receivable	2,717	326	3,043
(Increase) decrease in interest receivable	344	-	344
(Increase) decrease in prepaid expenses	(1)	(73)	(74)
Increase (decrease) in accounts payable	(3,009)	4	(3,005)
Increase (decrease) in deferred revenue	36	(119)	(83)
Increase (decrease) in interest payable	2,625	-	2,625
Increase (decrease) in due to other funds	(10)	(10)	(20)
	-----	-----	-----
TOTAL ADJUSTMENTS	\$ 26,277	\$ 11,097	\$ 37,374
	-----	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 18,183	\$ 5,922	\$ 24,105
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Investment un utility plant	\$ (10,100)	\$ (5,653)	\$ (15,753)
Principal payments on debt:			
Rural Development	\$ (53,900)	(-)	(53,900)
G.M.A.C.	\$ (6,000)	(3,000)	(9,000)
Transfers from (to) reserves	(453)	(347)	(800)
	-----	-----	-----
NET CASH (USED) BY FINANCING ACTIVITIES	\$ (70,453)	\$ (9,000)	\$ (79,453)
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH	\$ (52,270)	\$ (3,078)	\$ (55,348)
	-----	-----	-----
Cash balance at beginning of year	73,863	20,252	94,115
	-----	-----	-----
CASH BALANCE AT END OF YEAR	\$ 21,593	\$ 17,174	\$ 38,767
	=====	=====	=====

See notes to financial statements.

TOWNSHIP OF ELY
NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of the Township of Ely:

1. Financial Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board Statement No. 14 entitled "The Financial Reporting Entity" a governmental financial reporting entity consists of a primary government, such as a general purpose local government, and component units, which are defined as units for which the primary government is financially accountable. The primary government is financially accountable if it appoints a voting majority of a component's governing body, and there is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

As required by accounting principles generally accepted by the United States of America, the financial statements of the reporting entity includes those of the Township of Ely (the primary government). However, there are no units which qualify as component units as defined above.

2. Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped in the financial statements in this report as follows:

Governmental Funds:

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Proprietary Funds:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Fiduciary Funds:

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township as an agent for other governmental units and other funds. These agency funds are custodial in nature and do not involve measurement or results of operations.

Account Groups:

General Long-Term Debt Account Group - This account group presents the balance of general obligation long-term debt which is not recorded in proprietary funds.

3. Measurement Focus

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their unreserved fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations are accounted for in the general governmental fund type at original cost minus accumulated depreciation. The book value of these assets is reported as "Reserved Fund Balance" in the general governmental fund tupe.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activities are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary funds balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. Fixed assets and their related accumulated depreciation, by major classification are as follows:

	Cost	Accumulated Depr.	Current Depr.	Estimated Lives
Greenwood Water System	\$918,173	\$ 309,713	\$ 23,575	40 years
Diorite Water System	\$379,256	\$ 213,746	\$ 10,969	10-40 years

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

All governmental funds are accounted for using the full accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the full accrual basis of accounting when the related fund liability is incurred.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Agency Funds are accounted for using the cash basis of accounting. Since Agency Funds do not involve measurement of results of operations, there are no revenue or expenditure accounts.

5. Budgets and Budgetary Accounting

The township follows these procedures in establishing the budgetary data reflected in the financial statements:

- In May, the Township Supervisor submits to the Township Board, a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to July 1, the budget is legally enacted by resolution.
- Any revision that alters the original budget of any fund must be approved by the Township Board.
- Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.
- Budget appropriations lapse at the end of each fiscal year.
- Budgeted amounts are stated as originally adopted or as amended by the Township Board.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the governmental unit.

Investments are stated at cost or amortized cost.

7. Inventory

Inventories are not significant and have not been recognized in any of the funds.

8. Due from Other Funds

Due from other funds represents current interfund loans receivable and are considered "available spendable resources."

9. Fund Balance Reserves

Fund balance reserves in the General Fund totaled \$ 20,000 and represents amounts to be used for budget stabilization.

10. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH AND INVESTMENTS

The captions on the combined balance sheet relating to cash, investments, restricted assets and the amounts in the total "Memorandum Only" are as follows:

Total (Memorandum Only)	
Cash on hand and in bank	\$ 148,139
Investments	179,168
Restricted assets	83,729

Total	\$ 411,036
	=====

A summary of deposits by type are:

Cash on hand	\$ 575
Cash in demand accounts	77
Cash in savings accounts	147,487
Certificates of deposit	262,897

Total	\$ 411,036
	=====

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

These deposits are in two financial institutions located in the County of Marquette in varying amounts. All accounts are in the name of the Township and a specific fund or common account. They are recorded in Township records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

Statutory Authority

Act 217, PA 1982, authorizes the Township to deposit and invest in:

- (a) bonds and other direct obligations of the United States or its agencies.
- (b) certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146).
- (c) commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.
- (d) United States government or federal agency obligation repurchase agreements.
- (e) banker's acceptance of United States banks.
- (f) mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

The Township's investments are in accordance with statutory authority.

Michigan law (Section 3, Act 40, PA 1932, as amended) prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

At year end, the Township's cash and cash equivalents bank balance was \$ 411,036 of which \$ 236,014 was insured by the Federal Deposit Insurance Corporation (FDIC) Regulation number 330.8. The remaining balance of \$ 175,022 was uninsured and uncollateralized. This regulation in summary provides that deposits of a governmental unit are insured for the lesser of the amount of the combined deposits or \$100,000 demand deposits and \$100,000 time deposits in every financial institution, that is not a branch location and is a member of the FDIC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Investments

Investments made by the Township are summarized below. The investments that are represented by specific identifiable investments securities are classified as to credit risk within the following two categories:

Category 1: Insured or registered, or securities held by the Township or its agent in the Township's name.

Category 2: Uninsured and unregistered with securities held by the counterparty's trust department or agent in the Township's name.

Investment Type	Risk Category		Carrying Value	Market Value
	1	2		
Certificates of Deposit:				
Governmental funds	\$ 179,168	\$ -	\$ 179,168	\$ 179,168
Proprietary funds	83,729	-	83,729	83,729
Total Investments	\$ 262,897	\$ -	\$ 262,897	\$ 262,897

NOTE C - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance July 1, 2003	Additions	Retirements	Balance June 30, 2004
Land, buildings and additions	\$ 310,834	\$ 23,883	\$ -	\$ 334,717
Equipment	122,115	5,534	24,152	103,497
Vehicles	22,277	-	-	22,277
	\$ 455,226	\$ 29,417	\$ 24,152	\$ 460,491
Less accumulated depreciation				353,079
				BOOK VALUE OF CAPITAL ASSETS \$ 107,412

NOTE D - CHANGES IN LONG-TERM DEBT

Long-term debt at June 30, 2004 consisted only of water system revenue bonds which are reported in detail in Note E of the Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE E - WATER SYSTEM REVENUE BONDS

The Township adopted Ordinance No. 1-1974 amended by Ordinance No. 2-1975 effective August 29, 1975 authorizing the issuance of Greenwood Water Supply System revenue bonds. The original amount of the revenue bonds was \$ 140,000. The unpaid balance paying interest at 5.00% per annum and maturing on January 1, of each year, is payable as follows:

\$ 5,000	2005 to 2007, inclusive	15,000
6,000	2008 to 2015, inclusive	48,000
4,000	2016	4,000
	Less amount prepaid	(8,501)

		\$ 58,499
	Less current maturities	5,000

	TOTAL	\$ 53,499
		=====

The Township adopted Ordinance No. 1-1995 authorizing the issuance of Greenwood Water Supply System junior lien revenue bonds. The original amount of the revenue bonds was \$ 341,000. Amortization of the bonds, paying interest at 5.25% per annum and maturing on September 1, of each year, are payable as follows:

\$ 3,000	2004	\$ 3,000
5,000	2005 to 2010, inclusive	30,000
6,000	2011 to 2012, inclusive	12,000
7,000	2013 to 2016, inclusive	28,000
8,000	2017 to 2018, inclusive	16,000
9,000	2019 to 2020, inclusive	18,000
10,000	2021 to 2022, inclusive	20,000
11,000	2023 to 2024, inclusive	22,000
12,000	2025 to 2026, inclusive	24,000
13,000	2027	13,000
14,000	2028	14,000
15,000	2029	15,000
16,000	2030 to 2031	32,000
15,500	2032	15,500
	Less amount prepaid	(62,500)

		\$ 200,000
	Less current maturities	3,000

	TOTAL	\$ 197,000
		=====

The Township adopted Ordinance No. 1-1987 effective May 3, 1979 authorizing the issuance of Diorite Water Supply System revenue bonds. The original amount of the revenue bonds was \$ 109,000. The unpaid balance, paying interest at 5.00% per annum and maturing on January 1, of each year, is payable as follows:

\$ 3,000	2005 to 2007, inclusive	\$ 9,000
4,000	2008 to 2012, inclusive	20,000
5,000	2013 to 2020, inclusive	40,000

		\$ 69,000
	Less current maturities	3,000

	TOTAL	\$ 66,000
		=====

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE F - LONG-TERM CONTRACTS PAYABLE

The Township enters into contracts for road reconstruction with the Marquette County Road Commission. Terms of the contracts call for the Marquette County Road Commission to upgrade specified county roads with the Township paying a percentage of the actual costs over a three year period. During the year ended June 30, 2004, a payment was made in the amount of \$ 67,306.25 for improvements to County Road CN.

The Township normally budgets for these payments annually and records them as an expenditure in the year paid.

NOTE G - PROPERTY TAXES

Property taxes are levied on December 1. The Township collects its own property taxes until mid February at which time collection is turned over to Marquette County.

The tax rate of finance general government services for the year ended June 30, 2004 was \$ 3.3009 per \$1,000 of assessed valuation which computed to \$ 112,417 on the present taxable valuation of \$ 34,035,133.

NOTE H - RETIREMENT PLAN

The township adopted Ordinance No. 1991-2 on July 16, 1991 creating a retirement plan for employees. Under the Ordinance, 50% of the cost is to be paid by the Township and 50% of the cost is to be paid by the covered employees. For the year ended June 30, 2004, the Township contributed \$ 4,667 to the retirement plan.

NOTE I - RISK MANAGEMENT

The township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains insurance coverage through the Michigan Township Participating Plan which covers each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three years.

TOWNSHIP OF ELY

STATEMENT OF BUDGETED AND ACTUAL REVENUES - GENERAL FUND

Year ended June 30, 2004

With totals for the year ended June 30, 2003

	2004 <u>Budgeted</u>	2004 <u>Actual</u>	Variance - Favorable (Unfavorable)	2003 <u>Actual</u>
REVENUES				
Taxes:				
Property taxes	\$ 106,300.00	\$ 112,417.06	\$ 6,117.06	\$ 107,592.57
Specific ore tax	500.00	1,108.40	608.40	1,035.27
Delinquent tax collections	125.00	-	(125.00)	62.44
Tax on State land	23,600.00	23,100.35	(499.65)	23,990.41
Commercial forest	3,400.00	3,429.42	29.42	3,719.41
Administration fees	10,100.00	15,732.83	5,632.83	10,723.99
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL TAXES	\$ 144,025.00	\$ 155,788.06	\$ 11,763.06	\$ 147,124.09
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Intergovernmental:				
State shared receipts:				
Sales tax	\$ 165,070.00	\$ 157,269.00	\$ (7,801.00)	\$ 164,816.00
Grant - Diorite Park project	-	12,371.06	12,371.06	-
Maintenance contract	-	3,133.17	3,133.17	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL INTERGOVERNMENTAL	\$ 165,070.00	\$ 172,773.23	\$ 7,703.23	\$ 164,816.00
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other revenue:				
Investment income	\$ 7,200.00	\$ 5,957.41	\$ (1,242.59)	\$ 7,875.62
Hall rental	1,500.00	1,056.00	(444.00)	792.00
Reimbursements:				
Water thawing	100.00	-	(100.00)	-
Fire calls	500.00	825.00	325.00	905.00
Other	4,000.00	2,350.56	(1,649.44)	2,574.38
Miscellaneous	23,020.00	14,091.23	(8,928.77)	18,779.03
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL OTHER REVENUE	\$ 36,320.00	\$ 24,280.20	\$ (12,039.80)	\$ 30,926.03
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	\$ 345,415.00	\$ 352,841.49	\$ 7,426.49	\$ 342,866.12
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

OTHER
FINANCIAL
INFORMATION

TOWNSHIP OF ELY

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES - GENERAL FUND

Year ended June 30, 2004
With totals for the year ended June 30, 2003

	2004	2004	Variance -	2003
	<u>Budgeted</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
<u>EXPENDITURES</u>				
<u>GENERAL GOVERNMENT</u>				
Township Board:				
Salaries and wages	\$ 44,220.00	\$ 39,939.08	\$ 4,280.92	\$ 36,658.39
Operating supplies	4,800.00	5,765.81	(965.81)	4,957.24
Education and training	300.00	2,079.30	(1,779.30)	310.00
Communications	1,500.00	1,604.33	(104.33)	1,477.74
Transportation	100.00	182.81	(82.81)	41.76
Printing and publishing	750.00	778.61	(28.61)	668.68
Contracted services	7,500.00	12,606.83	(5,106.83)	7,345.00
Memberships and dues	1,500.00	4,201.63	(2,701.63)	1,655.79
Capital outlay	23,000.00	22,562.59	437.41	9,072.18
Utilities	4,460.00	5,057.26	(597.26)	4,264.92
Employee benefits	13,500.00	9,778.43	3,721.57	12,837.16
Repair and maintenance	1,400.00	179.29	1,220.71	1,234.57
TOTAL TOWNSHIP BOARD	\$ 103,030.00	\$ 104,735.97	\$ (1,705.97)	\$ 80,523.43
Supervisor:				
Salaries and wages	\$ 10,200.00	\$ 10,200.00	\$ -	\$ 9,540.00
Transportation	500.00	264.09	235.91	343.53
TOTAL SUPERVISOR	\$ 10,700.00	\$ 10,464.09	\$ 235.91	\$ 9,883.53
Clerk:				
Salaries and wages:				
Clerk	\$ 7,800.00	\$ 7,800.00	\$ -	\$ 3,900.00
Deputy clerk	400.00	553.75	(153.75)	3,251.75
Supplies	150.00	123.00	27.00	249.64
Education and training	100.00	69.00	31.00	105.00
Transportation	150.00	86.85	63.15	-
TOTAL CLERK	\$ 8,600.00	\$ 8,632.60	\$ (32.60)	\$ 7,506.39
Treasurer:				
Salaries and wages:				
Treasurer	\$ 7,800.00	\$ 7,800.00	\$ -	\$ 7,200.00
Deputy treasurer	350.00	154.50	195.50	300.00
Other	4,250.00	2,589.50	1,660.50	2,067.38
Tax supplies	400.00	331.63	68.37	239.32
Tax roll statements	6,500.00	8,136.26	(1,636.26)	5,221.25
Transportation	150.00	96.39	53.61	77.29
Education and training	150.00	30.00	120.00	-
TOTAL TREASURER	\$ 19,600.00	\$ 19,138.28	\$ 461.72	\$ 15,105.24

TOWNSHIP OF ELY

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES - GENERAL FUND (CONTINUED)

Year ended June 30, 2004

With totals for the year ended June 30, 2003

	2004 Budgeted	2004 Actual	Variance - Favorable (Unfavorable)	2003 Actual
<u>GENERAL GOVERNMENT (CONTINUED)</u>				
Assessor:				
Salaries and wages	\$ 12,100.00	\$ 12,000.00	\$ 100.00	\$ 12,000.00
Transportation	750.00	732.00	18.00	705.60
Supplies	300.00	62.70	237.30	14.40
Miscellaneous	50.00	-	50.00	56.40
TOTAL ASSESSOR	\$ 13,200.00	\$ 12,794.70	\$ 405.30	\$ 12,776.40
Board of Review:				
Salaries and wages	\$ 750.00	\$ 750.00	\$ -	\$ 750.00
Printing and publishing	75.00	-	75.00	52.43
Education and training	150.00	-	150.00	110.00
Miscellaneous	100.00	-	100.00	-
TOTAL BOARD OF REVIEW	\$ 1,075.00	\$ 750.00	\$ 325.00	\$ 912.43
Election Department:				
Salaries and wages	\$ 700.00	\$ 41.60	\$ 658.40	\$ 1,333.49
Operating supplies	100.00	35.62	64.38	13.66
Transportation	100.00	30.37	69.63	78.48
Professional services	500.00	-	500.00	796.21
Printing and publishing	220.00	-	220.00	417.93
TOTAL ELECTION DEPARTMENT	\$ 1,620.00	\$ 107.59	\$ 1,512.41	\$ 2,639.77
Planning and Zoning Board:				
Salaries and wages	\$ 3,000.00	\$ 3,590.50	\$ (590.50)	\$ 5,107.42
Transportation	2,200.00	2,014.54	185.46	2,191.68
Professional services	14,700.00	18,471.35	(3,771.35)	10,013.25
Printing and publishing	500.00	512.75	(12.75)	484.00
Capital outlay	50.00	-	50.00	-
Miscellaneous	750.00	740.00	10.00	938.57
TOTAL PLANNING AND ZONING BOARD	\$ 21,200.00	\$ 25,329.14	\$ (4,129.14)	\$ 18,734.92
Economic Development:				
Professional services	\$ 1,600.00	\$ -	\$ 1,600.00	\$ 1,600.00
TOTAL ECONOMIC DEVELOPMENT	\$ 1,600.00	\$ -	\$ 1,600.00	\$ 1,600.00

TOWNSHIP OF ELY

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES - GENERAL FUND (CONTINUED)

Year ended June 30, 2004
With totals for the year ended June 30, 2003

	2004 Budgeted	2004 Actual	Variance - Favorable (Unfavorable)	2003 Actual
GENERAL GOVERNMENT (CONTINUED)				
Zoning Board of Appeals:				
Salaries and wages	\$ 600.00	\$ 522.50	\$ 77.50	\$ 482.01
Operating supplies	100.00	-	100.00	-
Transportation	500.00	590.00	(90.00)	340.00
Printing and publishing	200.00	191.00	9.00	95.50
Contracted services	200.00	1,080.00	(880.00)	30.00
Miscellaneous	200.00	-	200.00	-
TOTAL ZONING BOARD OF APPEALS	\$ 1,800.00	\$ 2,383.50	\$ (583.50)	\$ 947.51
Other General Government:				
Insurance and bonds	\$ 12,000.00	\$ 8,907.86	\$ 3,092.14	\$ 10,799.00
Professional fees	4,200.00	3,050.00	1,150.00	3,332.50
Miscellaneous	4,800.00	2,377.46	2,422.54	2,951.05
TOTAL OTHER GENERAL GOVERNMENT	\$ 21,000.00	\$ 14,335.32	\$ 6,664.68	\$ 17,082.55
TOTAL GENERAL GOVERNMENT	\$ 203,425.00	\$ 198,671.19	\$ 4,753.81	\$ 167,712.17
<u>PUBLIC SAFETY</u>				
Fire Protection:				
Contractual services	\$ 23,500.00	\$ 23,865.11	\$ (365.11)	\$ 22,592.56
Hydrant rental	2,500.00	2,500.00	-	2,500.00
Other	2,050.00	811.92	1,238.08	370.81
TOTAL FIRE PROTECTION	\$ 28,050.00	\$ 27,177.03	\$ 872.97	\$ 25,463.37
First Responder Group:				
Supplies	\$ 3,000.00	\$ 2,329.01	\$ 670.99	\$ 2,479.84
Education and training	1,500.00	530.54	969.46	874.00
Transportation	6,000.00	4,570.00	1,430.00	5,286.44
Capital outlay	1,000.00	1,000.00	-	6,549.83
TOTAL FIRST RESPONDER GROUP	\$ 11,500.00	\$ 8,429.55	\$ 3,070.45	\$ 15,190.11
Animal Control:				
Contractual services	\$ 1,000.00	\$ 855.00	\$ 145.00	\$ 838.75
TOTAL ANIMAL CONTROL	\$ 1,000.00	\$ 855.00	\$ 145.00	\$ 838.75
TOTAL PUBLIC SAFETY	\$ 40,550.00	\$ 36,461.58	\$ 4,088.42	\$ 41,492.23

TOWNSHIP OF ELY

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES - GENERAL FUND (CONTINUED)

Year ended June 30, 2004
 With totals for the year ended June 30, 2003

	2004 Budgeted	2004 Actual	Variance - Favorable (Unfavorable)	2003 Actual
<u>HIGHWAYS AND STREETS</u>				
Utilities - lights	\$ 20,000.00	\$ 19,684.11	\$ 315.89	\$ 18,441.36
Construction	82,000.00	67,456.25	14,543.75	511.95
Traffic maintenance	2,050.00	234.54	1,815.46	761.76
TOTAL HIGHWAYS AND STREETS	\$ 104,050.00	\$ 87,374.90	\$ 16,675.10	\$ 19,715.07
<u>SANITATION</u>				
Contractual services:				
Collections	\$ 26,000.00	\$ 25,913.52	\$ 86.48	\$ 26,594.25
Landfill	39,500.00	31,599.52	7,900.48	33,815.34
Miscellaneous expense	3,800.00	10,636.46	(6,836.46)	6,617.00
TOTAL SANITATION	\$ 69,300.00	\$ 68,149.50	\$ 1,150.50	\$ 67,026.59
<u>CULTURE AND RECREATION</u>				
Parks and Recreation:				
Salaries and wages	\$ 7,000.00	\$ 3,089.88	\$ 3,910.12	\$ 4,673.50
Supplies	700.00	97.70	602.30	776.91
Transportation	100.00	35.09	64.91	71.64
Contracted services	5,000.00	155.00	4,845.00	3,064.10
Miscellaneous	3,700.00	480.93	3,219.07	418.04
Capital outlay	25,000.00	5,649.82	19,350.18	17,837.87
TOTAL PARKS AND RECREATION	\$ 41,500.00	\$ 9,508.42	\$ 31,991.58	\$ 26,842.06
<u>Senior Citizens Programs:</u>				
Chore and other services	\$ 1,700.00	\$ 1,404.86	\$ 295.14	\$ 1,883.67
TOTAL SENIOR CITIZENS PROGRAMS	\$ 1,700.00	\$ 1,404.86	\$ 295.14	\$ 1,883.67
TOTAL CULTURE AND RECREATION	\$ 43,200.00	\$ 10,913.28	\$ 32,286.72	\$ 28,725.73
TOTAL EXPENDITURES	\$ 460,525.00	\$ 401,570.45	\$ 58,954.55	\$ 324,671.79

TOWNSHIP OF ELY

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year ended June 30, 2004

	Stabilization Fund

Revenues	\$ -
Expenditures	\$ -

TOTAL EXPENDITURES	\$ -

EXCESS REVENUES (EXPENDITURES)	\$ -
Fund balance at beginning of year	20,000.00

FUND BALANCE AT END OF YEAR	\$ 20,000.00
	=====

TOWNSHIP OF ELY

COMBINING BALANCE SHEET - ALL PROPRIETARY FUND TYPES

June 30, 2004

ASSETS	Greenwood Water Supply System	Diorite Water Supply System	Totals
CURRENT ASSETS			
Cash in bank	\$ 21,592.55	\$ 17,174.00	\$ 38,766.55
Accounts receivable	3,809.00	4,128.00	7,937.00
Accrued interest receivable	19.30	-	19.30
Prepaid expenses	2,655.14	1,656.61	4,311.75
TOTAL CURRENT ASSETS	\$ 28,075.99	\$ 22,958.61	\$ 51,034.60
RESTRICTED ASSETS			
Bond and interest redemption account - time deposits	\$ 11,179.80	\$ 326.17	\$ 11,505.97
Bond reserve account - Certificate of deposit time deposits	30,000.00	6,400.00	36,400.00
General purpose account - time deposits	19,113.99	16,709.28	35,823.27
TOTAL RESTRICTED ASSETS	\$ 60,293.79	\$ 23,435.45	\$ 83,729.24
UTILITY PLANT - on the basis of cost			
Distribution system less accumulated depreciation	\$ 918,117.72	\$ 379,255.76	\$1,297,373.48
	309,712.88	213,745.96	523,458.84
BOOK VALUE OF UTILITY PLANT	\$ 608,404.84	\$ 165,509.80	\$ 773,914.64
TOTAL ASSETS	\$ 696,774.62	\$ 211,903.86	\$ 908,678.48
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES			
Payable from current assets:			
Accounts payable	\$ 3,420.83	\$ 271.16	\$ 3,691.99
Deferred revenue	407.00	341.00	748.00
Accrued interest payable	2,625.00	-	2,625.00
Payable from restricted assets:			
Current portion of long-term liabilities	8,000.00	3,000.00	11,000.00
TOTAL CURRENT LIABILITIES	\$ 14,452.83	\$ 3,612.16	\$ 18,064.99
LONG-TERM LIABILITIES	249,499.40	66,000.00	315,499.40
FUND EQUITY	432,822.39	142,291.70	575,114.09
TOTAL LIABILITIES AND FUND EQUITY	\$ 696,774.62	\$ 211,903.86	\$ 908,678.48

TOWNSHIP OF ELY

COMBINING STATEMENT OF FUND EQUITY
ALL PROPRIETARY FUND TYPES

Year ended June 30, 2004

	Greenwood Water Supply System	Diorite Water Supply System	Totals
	-----	-----	-----
FUND EQUITY			
Contributed capital	\$ 400,242.88	\$ 224,000.00	\$ 624,242.88
Retained earnings -			
Reserved:			
Bond and interest redemption account:			
Balance at July 1,	\$ 11,058.26	\$ -	\$ 11,058.26
Transfer (to) from retained earnings unreserved	121.54	-	121.54
	-----	-----	-----
	\$ 11,179.80	\$ -	\$ 11,179.80
Bond account			
Balance at July 1	\$ 30,000.00	\$ 6,722.92	36,722.92
Transfer from retained earnings - unreserved	-	3.25	3.25
	-----	-----	-----
	\$ 30,000.00	\$ 6,726.17	\$ 36,726.17
General purpose account:			
Balance at July 1	\$ 18,782.27	\$ 16,365.12	\$ 35,147.39
Transfer from retained earnings - unreserved	331.72	344.16	675.88
	-----	-----	-----
	\$ 19,113.99	\$ 16,709.28	\$ 35,823.27
Retained earnings -			
Unreserved:			
Balance at July 1	\$ (19,167.48)	\$ (99,621.02)	\$ (118,788.50)
Net income (loss) for the year	(8,093.54)	(5,175.32)	(13,268.86)
Transfer from (to):			
Bond and interest redemption account	(121.54)	-	(121.54)
Bond Account	-	(3.25)	(3.25)
General purpose account	(331.72)	(344.16)	(675.88)
	-----	-----	-----
	\$ (27,714.28)	\$ (105,143.75)	\$ (132,858.03)
	-----	-----	-----
BALANCE AT JUNE 30	\$ 432,822.39	\$ 142,291.70	\$ 575,114.09
	=====	=====	=====

TOWNSHIP OF ELY

COMBINING STATEMENT OF INCOME AND EXPENSES

ALL PROPRIETARY FUND TYPES

Year ended June 30, 2004

	Greenwood Water Supply System	Diorite Water Supply System	Totals
	-----	-----	-----
INCOME			
Water sales	\$ 41,719.00	\$ 19,877.00	\$ 61,596.00
Hydrant rentals	2,500.00	-	2,500.00
	-----	-----	-----
TOTAL INCOME	\$ 44,219.00	\$ 19,877.00	\$ 64,096.00
EXPENSES			
Salaries and wages	\$ 2,544.72	\$ 2,651.62	\$ 5,196.34
Employee benefits	239.06	134.86	373.92
Operating supplies	743.78	-	743.78
Repair and maintenance	1,161.21	2,187.85	3,349.06
Utilities	2,438.10	2,937.90	5,376.00
Professional fees	2,125.50	1,152.50	3,278.00
Insurance and bonds	3,363.77	1,954.70	5,318.47
Provision for depreciation	23,574.61	10,969.44	34,544.05
Miscellaneous	397.12	176.30	573.42
	-----	-----	-----
TOTAL EXPENSES	\$ 36,587.87	\$ 22,165.17	\$ 58,753.04
	-----	-----	-----
OPERATING PROFIT (LOSS)	\$ 7,631.13	\$ (2,288.17)	\$ 5 342.96
NON OPERATING REVENUES (EXPENSES)			
Interest income	\$ 1,976.22	\$ 637.85	\$ 2,614.07
Interest expense:			
Rural Development:			
Paid during the year	(12,050.92)	(-)	(12,050.92)
Accrued at year end	(2,625.00)	(-)	(2,625.00)
G.M.A.C.	(3,024.97)	(3,525.00)	(6,549.97)
	-----	-----	-----
TOTAL NON OPERATING REVENUES (EXPENSES)	\$ (15,724.67)	\$ (2,887.15)	\$ (18,611.82)
	-----	-----	-----
NET INCOME (LOSS)	\$ (8,093.54)	\$ (5,175.32)	\$ (13,268.86)
	=====	=====	=====

TOWNSHIP OF ELY

COMBINING STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES

Year ended June 30, 2004

	Greenwood Water Supply System	Diorite Water Supply System	Totals
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) for the year	\$ (8,093.54)	\$ (5,175.32)	\$ (13,268.86)
	-----	-----	-----
Adjustments to reconcile net income to net cash provided			
by operating activities:			
Provision for depreciation	\$ 23,574.61	\$ 10,969.44	\$ 34,544.05
(Increase) decrease in:			
Accounts receivable	2,717.00	326.00	3,043.00
Interest receivable	344.61	-	344.61
Prepaid expenses	(1.23)	(73.30)	(74.53)
Accounts payable	(3,009.03)	4.34	(3,004.69)
Deferred revenue	36.00	(119.00)	(83.00)
Accrued interest payable	2,625.00	-	2,625.00
Due to other funds	(10.00)	(10.00)	(20.00)
	-----	-----	-----
TOTAL ADJUSTMENTS	\$ 26,276.96	\$ 11,097.48	\$ 37,374.44
	-----	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 18,183.42	\$ 5,922.16	\$ 24,105.58
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Investment in utility plant	\$ (10,100.00)	\$ (5,652.76)	\$ (15,752.76)
Principal payments on debt:			
Rural Development	(53,900.00)	(-)	(53,900.00)
G.M.A.C.	(6,000.00)	(3,000.00)	(9,000.00)
Transfers from (to) reserves	(453.26)	(347.41)	(800.67)
	-----	-----	-----
NET CASH (USED) BY FINANCING ACTIVITIES	\$ (70,453.26)	\$ (9,000.17)	\$ (79,453.43)
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH	\$ (52,269.84)	\$ (3,078.01)	\$ (55,347.85)
Cash balance at beginning of year	73,862.39	20,252.01	94,114.40
	-----	-----	-----
CASH BALANCE AT END OF YEAR	\$ 21,592.55	\$ 17,174.00	\$ 38,766.55
	=====	=====	=====

TOWNSHIP OF ELY

FIDUCIARY FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES

June 30, 2004

Agency Funds			
	Trust and Agency	Current Tax Collection	Totals
ASSETS			
Cash - demand deposits	\$ 32.63	\$ 262.64	\$ 295.27
	-----	-----	-----
TOTAL ASSETS	\$ 32.63	\$ 262.64	\$ 295.27
	=====	=====	=====
LIABILITIES			
Accrued and withheld payroll taxes	\$ -	\$ -	\$ -
Due to other funds	32.63	262.64	295.27
Due to other governmental units	-	-	-
	-----	-----	-----
TOTAL LIABILITIES	\$ 32.63	\$ 262.64	\$ 295.27
	=====	=====	=====

TOWNSHIP OF ELY

FIDUCIARY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year ended June 30, 2004

	Balance at July 1, 2003	Additions	Deductions	Balance at June 30, 2004
	-----	-----	-----	-----
TRUST AND AGENCY ACCOUNT				
ASSETS				
Cash	\$ 293.63	\$ 1,519.00	\$ 1,780.00	\$ 32.63
	=====	=====	=====	=====
LIABILITIES				
Due to other funds	\$ 77.22	\$ 261.50	\$ 306.09	\$ 32.63
Due to County	216.41	251.50	467.91	-
Due to Schools	-	1,006.00	1,006.00	-
	-----	-----	-----	-----
TOTAL LIABILITIES	\$ 293.63	\$ 1,519.00	\$ 1,780.00	\$ 32.63
	=====	=====	=====	=====

CURRENT TAX COLLECTION ACCOUNT

ASSETS				
Cash	\$ 293.26	\$919,857.42	\$919,888.04	\$ 262.64
	=====	=====	=====	=====
LIABILITIES				
Due to other funds	\$ 293.26	\$111,879.39	\$111,910.01	\$ 262.64
Due to State	-	173,527.07	173,527.07	-
Due to County	-	235,252.17	235,252.17	-
Due to Schools	-	399,198.79	399,198.79	-
	-----	-----	-----	-----
TOTAL LIABILITIES	\$ 293.26	\$919,857.42	\$919,888.04	\$ 262.64
	=====	=====	=====	=====

THOMAS R. FLEURY
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Michigan Association of C.P.A.'s

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

September 3, 2004

The Honorable Supervisor and Members
Township of Ely Board
Marquette County, Michigan

I have audited the accompanying general purpose financial statements of the TOWNSHIP OF ELY as of and for the year ended June 30, 2004, and have issued my report thereon dated September 3, 2004. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township of Ely, State of Michigan's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under "Government Auditing Standards" and a report to management communicating immaterial instances of noncompliance was not required.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Township of Ely, State of Michigan's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass through entities. However, this report is a matter of public record and its distribution is not limited.


Certified Public Accountant

THOMAS R. FLEURY
Certified Public Accountant

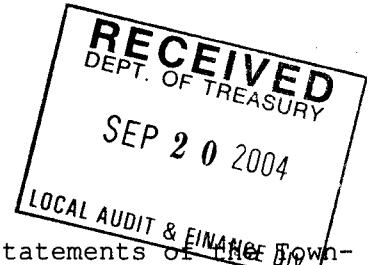
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P. O. Box 267
Ishpeming, Michigan 49849

Member
American Institute of C.P.A.'s
Michigan Association of C.P.A.'s

September 3, 2004

The Honorable Supervisor and
Members of the Township Board
Township of Ely
Ishpeming, Michigan



I have audited the general purpose financial statements of the Township of Ely for the year ended June 30, 2004 and have issued my report thereon dated September 3, 2004. As part of my audit, I made a study and evaluation of the internal accounting control system to the extent I considered necessary to determine the nature, timing and extent of my auditing procedures.

During my evaluation, I observed the following areas that could use improvement or change in order to improve internal accounting controls:

CLERK & TREASURER RECONCILIATIONS

At year end there were differences between the Treasurer's month end reports and the Clerk's accounting records for cash balances. While the Treasurer's records were properly reconciled with the various financial institutions the Clerk's accounting records were not. It is very important that any differences between the Treasurer's records and the Clerk's records be reconciled monthly and that any differences be corrected on a timely basis.

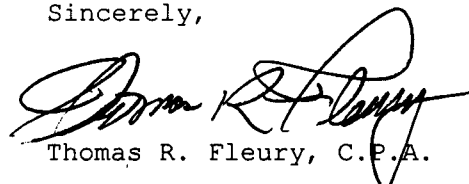
MONTHLY REPORTING OF BUDGET VS. ACTUAL REVENUE AND EXPENDITURES

One of the most useful tools that the Township Board has is the above named report. This report, when completed accurately and timely, allows the Township Board to review current revenues and expenditures and make budget amendments to insure that the Township is in compliance with State laws. During the year ended June 30, 2004, actual expenditures exceeded budgeted expenditures as follows:

	Actual	Budgeted	Overage
Township Board	\$ 104,736	\$ 103,030	\$ 1,706
Clerk	8,633	8,600	33
Planning & Zoning Board	25,329	21,200	4,129
Zoning Board of Appeals	2,383	1,800	583

While the amounts are small in comparison to the total general fund expenditures, these overages could be avoided if the Township Board had the information available to amend the budget on a timely basis.

Sincerely,



Thomas R. Fleury, C.P.A.